

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-13 AID-05 CEA-01 CIAE-00 COME-00
EB-08 EA-10 FRB-03 INR-10 NEA-10 NSAE-00 ICA-11
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 STR-07 XMB-02 NSC-05 CTME-00 JUSE-00
/124 W

-----050256 152328Z /70

R 151110Z JUL 78
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 2975
INFO AMEMBASSY BRUSSELS

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E.O. 11652: NA
TAGS: ELAB PINT NL
SUBJECT: DUTCH LABOR REACTS TO GOVERNMENTS'S ECONOMY PLAN

REF: THE HAGUE 3636

1. SUMMARY. THE DUTCH TRADE UNIONS ARE UNHAPPY WITH
THE RECENTLY RELEASED MEMORANDUM ON PLANNED ECONOMY MEASURES.

WHILE THIS HOLDS SOME POTENTIAL FOR

LABOR UNREST IN THE AUTUMN, IT IS LIKELY THAT POLITICAL
CONSIDERATIONS - IF NOT BETTER JUDGMENT - WILL PREVENT
VAN AGT FROM PRESSING LABOR/GOVERNMENT DIFFERENCES TO
THE POINT OF NO RETURN. END SUMMARY.

2. THE VAN AGT GOVERNMENT'S LONG-DELAYED MEMORANDUM
ON PLANNED ECONOMY MEASURES, PUBLISHED AFTER PARLIAMENT
ADJOURNED ON JUNE 30 (REFTEL), HAS NOT BEEN WELL RECEIVED
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BY BY THE DUTCH TRADE UNIONS. RELEASE OF THE MEMORANDUM
SERVED ONLY TO DONFIRM A LEAKED VERSION WHICH HAD
APPEARED JUNE U AND WHICH WAS PROMPTLY CHARACTERIZED
BY THE FNV'S VAKBONDSKRANT AS "SOCIALLY UNACCEPTABLE",
AND BY THE CNV AS "HITTING THE WEAKEST HARDEST". THE FNV
CIVIL SERVANTS UNION GAVE MORE CONCRETE EVIDENCE OF ITS
DISPLEASURE WITH AN ILLEGAL 24 HOUR STRIKE JUNE 23.

3. WHEN IT APPEARED, THE OFFICIAL TEXT OF THE MEMORANDUM (ENTITLED "SPECIFICATIONS 1981") DREW SIMILAR BUT MORE SPECIFIC CRITICAL COMMENT. THE CNV CAUTIONED THAT ECONOMIES ALONE WOULD NOT NECESSARILY PRODUCE MORE JOBS AND REJECTED THE NOTION OF A 100 DUTCH GUILDER A YEAR CONTRIBUTION BY THE PATIENT FOR MEDICAL CARE. IT ALSO CALLED FOR COMPREHENSIVE LABOR MARKET AND INCOMES POLICIES.

4. FNV PRESIDENT WIM KOK, SPEAKING FOR THE COUNTRY'S LARGEST TRADE UNION FEDERATION, SAID THAT HIS ORGANIZATION ACCEPTED THE NEED FOR ECONOMY MEASURES BUT FELT THAT THE GOVERNMENT HAD TAKEN THE WRONG PATH. KOK SAID THAT THE MEASURES CUT TOO DEEPLY AND THAT THE BURDEN WAS NOT EQUITABLY SHARED. HE ASKED FOR AN EXPLANATION AS TO HOW GREATER PROFITS IN THE PRIVATE SECTOR WOULD BE MADE TO PRODUCE MORE JOBS. THE FNV WOULD NOT OPPOSE SOME IMPROVEMENT IN PROFIT MARGINS BUT FELT THAT THIS SHOULD GO IN TANDEM WITH THE REAL PROSPECT OF MORE JOBS. KOK FELT THAT THE GOVERNMENT'S ANALYSIS OF THE CAUSE OF THE COUNTRY'S ECONOMIC PROBLEM WAS WEAK. AND, WITH REGARD TO THE CIVIL SERVANTS, HE SAID THAT THEIR WAGES SHOULD NOT BE ALLOWED TO LAG ONE PERCENT A YEAR BEHIND THOSE OF THE PRIVATE SECTOR, AS PROPOSED. FINALLY KOK SAID THAT THE FNV WOULD PRODUCE ITS OWN ALTERNATIVE PLAN BY THE END OF AUGUST. AN ACCEPTABLE ALTERNATIVE WOULD, IN HIS VIEW, HAVE TO BE LESS LIMITED OFFICIAL USE

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STRINGENT AS TO THE SIZE OF THE EXPENDITURE CUTS; THERE WOULD HAVE TO BE A FAIRER SHARING OF THE BURDEN; AND THE PLAN WOULD HAVE TO TRANSLATE INTO MORE JOBS.

5. A PREVIEW OF THE FNV ALTERNATIVE, PUBLISHED ON JULY 13, PROPOSES A 6-7 BILLION GUILDER CUTBACK BY 1981 IN PLANNED INCREASES IN EXPENDITURE - AS OPPOSED TO THE GOVERNMENT'S PROPOSED 10 BILLION REDUCTION. IT WOULD, IN EFFECT, PROVIDE FOR FEWER CUTS IN PUBLIC SECTOR AND SOCIAL EXPENDITURES. THE FNV ALTERNATIVE SEES PRIVATE BUSINESS AS ABLE TO MAKE ONLY A LIMITED CONTRIBUTION TOWARDS SOLUTION OF THE UNEMPLOYMENT PROBLEM AND CALLS ON THE GOVERNMENT TO PROVIDE WORK IN THE PUBLIC SECTOR. THIS IMPLIES THE MOST STRINGENT GOVERNMENT ECONOMIES ELSEWHERE, SAID THE FNV. COMMENTING ON THE FNV ALTERNATIVE. PRESIDENT KOK AID THAT THERE MUST BE A SHARING OF THE CONOMIZING BURDEN ON THE BASIS OF ABILITY TO PAY. KOK WENT ON TO SAY THAT, IF THE GOVERNMENT PERSISTS IN ITS PRESENT PLAN, THEFNV WILL NO LONGER BE ABLE TO ASK ITS MEMBERS TO ACCEPT WAGE RESTRAINT. IT WAS TOO EARLY, SAID KOK, TO THREATEN SOCIAL UNREST, BUT HE WARNED THAT THE TRADE UNION MOVEMENT CANNOT BE EXPECTED TO ENDORSE A SOCIO-ECONOMIC POLICY ON

THE BASIS OF "SPECIFICATIONS 1981".

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EB-08 EA-10 FRB-03 INR-10 NEA-10 NSAE-00 ICA-11
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 STR-07 XMB-02 NSC-05 CTME-00 JUSE-00
/124 W

-----050263 152332Z /70

R 151110Z JUL 78
FM AMEMBASSY THE HAGUE
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6. ELABORATING ON THESE PUBLIC STATEMENTS, TRADE UNION
LEADERS (FNV AND CNV) TOLD THE REGIONAL LABOR ATTACHE
THAT ORGANIZED LABOR ACCEPTS THE NECESSITY OF SOME
SORT OF ECONOMY PROGRAM AND IS PREPARED TO WORK OUT
WITH GOVERNMENT THE DETAILS OF SUCH A PROGRAM. IT
RESENTS, HOWEVER, UNILATERAL ACTION BY GOVERNMENT
IN AREAS OF DIRECT AND SUBSTANTIAL INTEREST TO WORKERS.
LABOR BELIEVES THAT THE GOVERNMENT'S ANALYSIS IS
SUPERFICIAL, FOCUSING TOO NARROWLY ON COSTS WITHOUT
TAKING SUFFICIENT ACCOUNT OF TRADE, MONETARY, EMPLOYMENT
AND OTHER ASPECTS OF THE PROBLEM.

7. LABOR DISTRUSTS THE VAN AGT GOVERNMENT. THE INFORMAL
"DEAL" BETWEEN THE TRADE UNIONS AND THE FORMER (DEN UYL)
GOVERNMENT PROVIDED ZERO REAL WAGE GROWTH IN EXCHANGE FOR
EMPLOYMENT GUARANTEES AND CERTAIN STRUCTURAL CHANGES,
SUCH AS EXCESS PROFITS SHARING (VAD). IN LABOR'S VIEW THE VAN
AGT GOVERNMENT, WHILE PRESERVING THE FORM OF VAD, WIR, ETC.,
HAVE GUTTED THESE CONCEPTS OF THEIR ORIGINAL CONTENT,
GIVING THEM A DISTINCTLY CONSERVATIVE BIAS. LABOR SEES ITSELF
AS HAVING BEEN DUPED - DEPRIVED NOT ONLY OF MEANINGFUL STRUCTURAL
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CHANGE BUT ALSO OF EMPLOYMENT PROTECTION. TO BE ASKED NOW TO FOREGO AN ADDITIONAL WEDGE OF THE GNP PIE WITHOUT SOME VISIBLE QUID PRO QUO ON THE EMPLOYMENT SIDE IS SIMPLY UNACCEPTABLE. HOWEVER, BOTH THE CNV AND THE FNV FEEL THAT THE OPPOSITION OFFERED BY DEN UYL HAS BEEN HALF-HEARTED, EVEN PRO FORMA. DEN UYL IS SEEN AS PULLING HIS PUNCHES FOR THE SAKE OF SOME FUTURE COALITION WITH THE CDA. THE FNV SPOKESMAN NOTED POINTEDLY THAT HIS ORGANIZATION HAD NOT ENDORSED DEN UYL'S ALTERNATIVE ECONOMY PLAN - WHICH FEATURES AN INCOMES POLICY RESTRICTING WAGE INCREASES.

8. REFERRING TO THE GOVERNMENT'S VAGUE STATEMENT OF INTENT RE PLANS FOR AN INCOMES POLICY, THE FNV SPOKESMAN SAID THAT HIS ORGANIZATION COULD NOT ACCEPT ("EVEN IF WE WANTED TO") ANYTHING RESEMBLING THE WAGE POLICIES OF THE PAST. THE RANK AND FILE SIMPLY WOULD NOT STAND FOR IT. HE WENT ON TO SAY THAT IF GOVERNMENT HELD TO ITS PRESENT COURSE AND ATTEMPTED TO INTRODUCE A WAGES POLICY, IT WOULD MEET STILL TRADE UNION OPPOSITION.

9. THE CNV SPOKESMAN, WHEN ASKED FOR HIS ESTIMATE OF THE CHANCES FOR PEACEFUL IMPLEMENTATION OF THE GOVERNMENT PLAN, SAID THAT HIS ORGANIZATION SHARED SOME OF THE FNV CONCERNS. HE THOUGHT THAT THE PLAN MIGHT STIR SOME LABOR UNREST BUT BELIEVED THAT BEFORE THAT BECAME TOO SERIOUS, PROBLEMS WOULD DEVELOP IN THE GOVERNING COALITION BETWEEN THE CONSERVATIVE LIBERALS AND THE MORE LABOR ORIENTED CDA.

10. A WELL INFORMED SOURCE IN THE MINISTRY OF SOCIAL AFFAIRS, COMMENTING ON GOVERNMENT/LABOR DIFFERENCES OVER THE PLAN, TOOK A FAIRLY OPTIMISTIC VIEW. HE PREDICTED "SOME DEMONSTRATIONS" FOR THE FALL, BUT SAW LIMITED OFFICIAL USE

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LABOR/GOVERNMENT DIFFERENCES AS NEGOTIABLE. IN HIS VIEW THERE ARE NO ELEMENTS IN THE PLAN WHICH WOULD CAUSE THE RANK AND FILE TO JEOPARDIZE THEIR JOBS THROUGH PROLONGED STRIKES.

11. COMMENT. SUMMING UP: AS COULD BE EXPECTED, DUTCH LABOR IS UNHAPPY WITH THE ECONOMY PLAN AS OUTLINED IN THE GOVERNMENT MEMORANDUM. HOWEVER, AT THIS POINT GOVERNMENT/TRADE UNION DIFFERENCES APPEAR TO BE NEGOTIABLE, RESTRAINTS BEING OPERATIVE ON BOTH SIDES. AN EXCESSIVELY HARD GOVERNMENT LINE (INCLUDING A WAGES POLICY) COULD PRODUCE SERIOUS DIFFICULTIES. IT IS

PROBABLE, HOWEVER, THAT LABOR ORIENTED ELEMENTS WITHIN
THE COALITION WILL PREVENT THE VAN AGT GOVERNMENT
FROM PRESSING ON TO THE POINT OF NO RETURN. AS A
PRACTICAL MATTER IT ALSO APPEARS THAT THE DEBATE,
NEGOTIATIONS, AND COMPROMISES WILL MOST LIKELY CENTER
ON THE BUDGET FOR 1979.
BROWN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR POLICY LINE, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978THEHA03881
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780291-0729
Format: TEL
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780755/aaaabuly.tel
Line Count: 231
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 48058072-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 THE HAGUE 3636
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1993840
Secure: OPEN
Status: NATIVE
Subject: DUTCH LABOR REACTS TO GOVERNMENTS'S ECONOMY PLAN
TAGS: ELAB, PINT, NL
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/48058072-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014